

The directors present their report together with the audited financial statements of the Company and the Group for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise:

- (i) the design, manufacture and installation of fabricated aluminium and stainless steel products for buildings, such as curtain wall and cladding systems, windows, doors, skylights and other related products;
- (ii) the generation and sale of electric and steam power in the regional industrial areas of Hangzhou in the People's Republic of China (the "PRC") through its 70% owned subsidiary, Hangzhou Sealand Electric Power Company Limited; and
- (iii) the share of profit from development, manufacture and distribution of EC120 helicopters.

There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2003 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 40 to 142 of the Annual Report.

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2003.

董事會謹此呈報截至二零零三年十二月三十一日止年度之董事會報告及本公司與本集團之經審核財務報表。

主要業務

本公司主要從事投資控股，其附屬公司之主要業務包括：

- (i) 設計、製造及安裝用於大廈之鋁製及不銹鋼產品，如玻璃幕牆及鋁牆面板系統、窗、門、採光棚及其他有關產品；
- (ii) 透過擁有70%權益之附屬公司杭州海聯熱電有限公司在中華人民共和國（「中國」）杭州市之工業區從事生產及銷售電力及蒸汽；及
- (iii) 分享開發、製造及分銷EC120直升機之溢利。

本集團之主要業務性質年內並無重大轉變。

業績及股息

本集團截至二零零三年十二月三十一日止年度之溢利及本公司與本集團於該日之財政狀況載於年報第40至142頁之財務報告。

董事會並不建議派付截至二零零三年十二月三十一日止年度之任何股息。

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements and as adjusted to reflect the effect of the adoption of Statement of Standard Accounting Practice No. 12 "Income taxes" issued by the Hong Kong Society of Accountants, is set out on page 143 of this Annual Report. This summary does not form part of the audited financial statements.

INVESTMENT PROPERTIES AND FIXED ASSETS

Details of movements in the investment properties and fixed assets of the Company and the Group during the year are set out in notes 13 and 14 to the financial statements, respectively. Further details of the Group's investment properties are set out on page 144.

SHARE CAPITAL AND SHARE OPTIONS

There was no movement in the Company's authorised share capital during the year. Details of movements in the Company's share capital and share options during the year, together with the reasons therefor, are set out in notes 30 and 31 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

財務資料概要

本集團最近五個財政年度之已公佈業績及資產、負債及少數股東權益之概要(摘錄自經審核財務報告並經調整,以反映採納香港會計師公會所頒佈之會計實務準則第12號「收益稅」之影響)載於本年報第143頁。該概要並不構成經審核財務報告之一部份。

投資物業及固定資產

本公司及本集團年內投資物業及固定資產變動之詳情分別載於財務報告附註13及14。其他有關本集團投資物業之詳情載於第144頁。

股本及購股權

本公司之法定股本年內並無變動。本公司股本及購股權年內之變動詳情及原因載於財務報告附註30及31。

優先購買權

本公司之公司章程細則或百慕達法律均無優先購買權之規定,規定本公司必須按當時股東之持股比例而向其發售新股。

買賣或贖回本公司上市證券

年內,本公司及其各附屬公司概無買賣或贖回本公司任何上市證券。



RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 32 to the financial statements and in the consolidated summary statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2003, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended), amounted to HK\$21,337,386. In addition, the Company's share premium account, in the amount of HK\$1,348,500, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

Purchases from the Group's five largest suppliers accounted for less than 30% of the Group's total purchases for the year.

The percentages of the Group's turnover attributable to major customers are as follows:

Percentage of turnover:	佔營業額百分比：
From the largest customer	來自最大客戶
From the five largest customers	來自五大客戶

None of the directors, their associates nor any shareholders who own more than 5% of the Company's issued share capital, had any interest in the five largest customers.

儲備

本公司及本集團年內之儲備變動詳情分別載於財務報告附註32及綜合權益變動摘要表。

可供分派儲備

按百慕達一九八一年公司法(修訂本)之規定計算，於二零零三年十二月三十一日，本公司之可供分派儲備達21,337,386港元。此外，本公司之股份溢價1,348,500港元可按繳足股款紅股形式予以分派。

主要客戶及供應商

本集團之五大供應商佔本集團本年度採購總額不足30%。

本集團主要客戶所佔本集團之營業額百分比如下：

	2003 二零零三年 %	2002 二零零二年 %
	26	12
	56	52

各董事、其聯繫人士或擁有本公司5%以上已發行股本之股東概無擁有五大客戶任何權益。

DIRECTORS

The directors of the Company during the year and up to the date of this report were as follows:

Yang Chunshu
Wang Xinyan
Ji Guirong
Yu Li
Pan Linwu (appointed on
31 October 2003)
Ren Haifeng
Cui Wei (resigned on
31 October 2003)
Ip Tak Chuen, Edmond*
Chu Yu Lin, David**
Li Ka Cheung, Eric**

* Non-executive director

** Independent non-executive directors

Pursuant to the bye-laws of the Company, Mr. Pan Linwu, who was appointed as a director subsequent to the preceding annual general meeting held on 13 May 2003, will hold office until the forthcoming annual general meeting and will then be eligible for re-election at the meeting. Furthermore, Messrs. Wang Xinyan, Ji Guirong and Ren Haifeng will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 22 to 28 of this Annual Report.

DIRECTORS' SERVICE CONTRACTS

The non-executive director and independent non-executive directors are not appointed for a specific term, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the bye-laws of the Company.

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

董事

本公司年內及截至本報告日期之董事如下：

楊春澍
汪鑫炎
季貴榮
于莉
潘林武 (於二零零三年
十月三十一日獲委任)
任海峰
崔衛 (於二零零三年
十月三十一日辭任)
葉德銓*
朱幼麟**
李家祥**

* 非執行董事

** 獨立非執行董事

根據本公司章程細則，於二零零三年五月十三日之上屆股東週年大會舉行後獲委任之潘林武先生，其任期將至應屆股東週年大會舉行為止，屆時將符合資格於會上膺選連任。此外，汪鑫炎先生、季貴榮先生及任海峰先生將於應屆股東週年大會上輪流告退，但符合資格並願膺選連任。

董事及高級管理人員之履歷

本公司董事及本集團高級管理人員之履歷載於本年報第22至28頁。

董事之服務合約

非執行董事及獨立非執行董事並無指定任期，惟須根據本公司章程細則於股東週年大會上輪流告退及膺選連任。

建議於應屆股東週年大會膺選連任之董事概無與本公司訂立本公司不可於一年內無償(法定賠償除外)終止之服務合約。



DIRECTORS' INTERESTS IN CONTRACTS

No director during the year had a beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its holding companies and subsidiaries was a party during the year.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The interests of the directors in the share options of the Company are separately disclosed in note 31 to the financial statements.

No fair value of the share options granted during the year ended 31 December 2003 is disclosed as the Company believes that the calculation of such value, which would be based on a number of speculative assumptions and variables such as the risk-free interest rate and expected volatility of the share prices, would not be meaningful or representative.

In addition to the above, certain directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, at 31 December 2003, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

董事於合約之權益

於年內，各董事就本公司或其任何控股公司或附屬公司所訂立之任何有關本集團業務之重大合約中概無直接或間接擁有實際權益。

董事之股份及相關股份權益及淡倉

董事於本公司之購股權權益於財務報告附註31另行披露。

截至二零零三年十二月三十一日止年度授出之購股權，並沒有披露其合理價值，因為計算該價值須基於若干猜測性假設和變數（如無風險利率及股價之預期波幅），所以本公司相信有關價值並無意義或代表性。

除上述者外，若干董事純粹為符合最低公司股東人數規定而代本公司於若干附屬公司持有非實際個人股權。

除以上披露者外，於二零零三年十二月三十一日，各董事概無擁有根據證券及期貨條例第352條須予登記的本公司或其任何相關法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券之權益或淡倉，亦無擁有根據上市公司董事進行證券交易的標準守則而須知會本公司及聯交所之該等權益及淡倉。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests and short positions in shares and underlying shares" above and in the share option scheme disclosures in note 31 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 December 2003, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Shareholder	股東	Number of ordinary shares held 所持普通股數目	Percentage of the Company's issued share capital 佔本公司已發行股本百分比
Tacko International Limited ("Tacko")	Tacko International Limited (「Tacko」)	1,265,767,000* (Note 1) (註1)	34.02
CATIC (H.K.) Limited ("CATIC (H.K.)")	中國航空技術進出口(香港)有限公司 (「中航技(香港)」)	1,265,767,000* (Note 1) (註1)	34.02
Speed Profit Enterprises Limited ("Speed Profit")	凱得利國際有限公司 (「凱得利」)	508,616,000* (Note 2) (註2)	13.67
Catic International Finance Limited ("Catic Finance")	凱迪克國際財務有限公司 (「凱迪克財務」)	508,616,000* (Note 2) (註2)	13.67

董事認購股份或債券之權利

除上文「董事之股份及相關股份權益及淡倉」一段與財務報告附註31所披露之購股權計劃資料外，於年內任何時間，概無向任何董事或彼等各自之配偶或未滿18歲之子女授出可藉購買本公司股份或債券而獲益之權利，而彼等亦無行使任何該等權利；本公司及各附屬公司亦無參與任何安排，致使任何董事可於任何其他法人團體中取得該等權利。

主要股東之股份及相關股份權益及淡倉

於二零零三年十二月三十一日，本公司遵照證券及期貨條例第336條存置之權益登記冊紀錄之本公司5%或以上已發行股本權益如下：

好倉：

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

主要股東之股份及相關股份權益及淡倉 (續)

Long positions: (continued)

好倉： (續)

Shareholder	股東	Number of ordinary shares held 所持普通股數目	Percentage of the Company's issued share capital 佔本公司已發行股本百分比
China National Aero-Technology Import & Export Corporation ("CATIC")	中國航空技術進出口總公司 (「中航技總公司」)	1,774,383,000 [#] (Note 3) (註3)	47.69
China Aviation Industries Corporation I ("AVIC I")	中國航空工業第一集團公司 (「中航工業I」)	1,774,383,000 [#] (Note 3) (註3)	47.69
China Aviation Industries Corporation II ("AVIC II")	中國航空工業第二集團公司 (「中航工業II」)	1,774,383,000 [#] (Note 3) (註3)	47.69

* The shares were directly beneficially owned by these shareholders.

* 該等股份由有關股東直接實益擁有。

These shares were owned through controlled corporation.

該等股份透過所控制法團持有。

Notes:

註：

(1) Tacko is a wholly-owned subsidiary of CATIC (H.K.), which is in turn a wholly-owned subsidiary of CATIC. Pursuant to the SFO, both CATIC (H.K.) and CATIC are deemed to be interested in the 1,265,767,000 shares held by Tacko.

(1) Tacko為中航技(香港)之全資附屬公司，而中航技(香港)則為中航技總公司之全資附屬公司。根據證券及期貨條例，中航技(香港)及中航技總公司均被視作擁有由Tacko持有之1,265,767,000股股份之權益。

(2) Speed Profit is a wholly-owned subsidiary of Catic Finance, which is in turn a wholly-owned subsidiary of CATIC. Pursuant to the SFO, both Catic Finance and CATIC are deemed to be interested in the 508,616,000 shares held by Speed Profit.

(2) 凱得利為凱迪克財務之全資附屬公司，而凱迪克財務則為中航技總公司之全資附屬公司。根據證券及期貨條例，凱迪克財務及中航技總公司均被視作擁有由凱得利持有之508,616,000股股份之權益。

(3) CATIC is owned as to 50% by AVIC I and as to 50% by AVIC II. Pursuant to the SFO, each of CATIC, AVIC I and AVIC II is deemed to be interested in the aggregate of the shares stated in (1) and (2) above (i.e. an aggregate of 1,774,383,000 shares held by Tacko and Speed Profit).

(3) 中航工業I及中航工業II分別擁有中航技總公司50%。根據證券及期貨條例，中航技總公司、中航工業I及中航工業II均被視作擁有上文附註(1)及(2)之股份(即由Tacko及凱得利持有合共1,774,383,000股股份)之權益。

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Save as disclosed above, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CONNECTED TRANSACTIONS

During the year, the Group had certain transactions with related parties, details of which are set out in note 37 to the financial statements.

POST BALANCE SHEET EVENT

Details of the significant post balance sheet event of the Group are set out in note 38 to the financial statements.

CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited throughout the accounting year covered by this Annual Report, except that the non-executive director and independent non-executive directors of the Company are not appointed for a specific term as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the bye-laws of the Company.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the two independent non-executive directors of the Company.

主要股東之股份及相關股份權益及淡倉(續)

除上述者外，除有關權益資料載於上文「董事之股份及相關股份權益及淡倉」之董事外，並無任何人士擁有根據證券及期貨條例第336條須予登記之本公司股份或相關股份權益或淡倉。

關連交易

本集團年內與關連人士進行若干交易，詳情載於財務報告附註37。

結算日後事項

有關本集團之重大結算日後事項之詳情載於財務報告附註38。

最佳應用守則

董事會認為本公司於本年報所述之會計年度內一直遵守香港聯合交易所有限公司證券上市規則附錄14所載之最佳應用守則(「守則」)，惟本公司之非執行董事及獨立非執行董事並無按守則第7段規定有指定任期，而須依據本公司章程細則於本公司股東週年大會上輪流告退。

審核委員會

本公司設立根據守則規定成立之審核委員會，以審核及監督本集團之財務申報程序及內部監控。審核委員會由本公司兩名獨立非執行董事組成。



AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Yang Chunshu
Chairman

Hong Kong
6 April 2004

核數師

安永會計師事務所任滿告退，而即將舉行之股東週年大會上將提呈決議案續聘該會計師事務所為本公司核數師。

代表董事會

主席
楊春澍

香港
二零零四年四月六日